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DAN E. ARNETT
CHIEF OF STAFF

November 4, 2005

VIA HAND DELIVERY

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

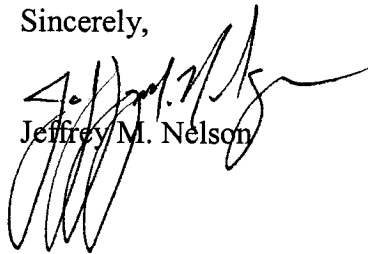
Re: Settlement Agreement in The Matter of
**Application of Piedmont Natural Gas Company, Inc. for Waiver of
Commission Rule 104-440(5)
Docket No. 2005-349-G**

Dear Mr. Terreni:

Enclosed for filing please find the original and one (1) copy of the Settlement Agreement entered between the Office of Regulatory Staff and the Applicant Piedmont Natural Gas Company, Inc. in the above referenced matter. Please date stamp the extra copy enclosed and return it to me in the envelope provided.

Please let me know if you have any questions.

Sincerely,


Jeffrey M. Nelson

Enclosures

cc: James H. Jeffries, IV, Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2005-349-G

In the Matter of:)	
)	
Application of Piedmont Natural Gas)	SETTLEMENT AGREEMENT
Company, Inc. for Waiver of Commission)	
Rule 103-440(5))	
_____)	

This Settlement Agreement is made by and among the Office of Regulatory Staff of South Carolina ("ORS") and Piedmont Natural Gas Company, Inc. ("Piedmont") collectively referred to as the "Parties" or sometimes individually as a "Party."

WHEREAS Piedmont filed an application with the South Carolina Public Service Commission ("PSC") in the present matter on or about October 28, 2005 requesting a waiver of S.C. Code Regs. 103-440 (5) to permit Piedmont to implement and expand its equal payment plan for the winter 2005-2006 hearing season;

WHEREAS in this request for a waiver, Piedmont has specifically requested a waiver of the requirement contained in Regulation 103-440(5) to utilize estimated annual bills as the basis for calculating monthly equal payment plan participation and, instead to utilize a period running from the date of the customer's election of such plan through September 30, 2006;

WHEREAS, the parties to this Settlement Agreement are the parties of record in the above captioned docket and there are no other parties of record in this proceeding;

WHEREAS, the parties have engaged in discussions, most recently on November 4, 2005 to determine if a settlement of this proceeding would be in their best interest;

WHEREAS, following these discussions the Parties determined that their interest and the interest of the Public would be best served by settling the above captioned case under the terms and conditions set forth below:

1. The ORS accepts and agrees to the waiver of Regulation 103-440(5) to permit Piedmont to implement an expanded equal payment plan for the winter 2005-2006 heating season in the particulars as specified in Piedmont's Petition filed in this matter with the Commission, with the exception of Paragraph 6 B, contained on page 3 of Piedmont's Petition.

2. Piedmont agrees to amend the language of Paragraph 6 B of the Petition to read: "B. The calculation of monthly amounts due under Piedmont's equal payment plan shall include any past due balance accumulated between November 1, 2005 and March 31, 2006 and shall be calculated in conformance with Piedmont's existing plan provisions, except that monthly payments shall be based on a plan period ending September 30, 2006."

3. The Parties believe that the modifications to the Piedmont equal payment plan, including the amendment noted herein, are designed to and should assist certain customers of Piedmont who may have difficulty in paying Piedmont for its services on a monthly usage basis due to anticipated abnormally high natural gas heating bills this winter.

4. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission Order

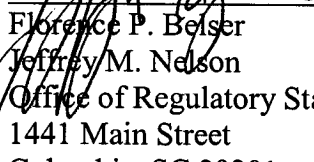
issued approving this Settlement Agreement and the terms and conditions contained herein.

5. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit, or impair their arguments or positions held in future proceedings. If the Commission should decline to approve the agreement in its entirety, then any party desiring to do so may withdraw from the agreement without penalty.

6. This Agreement shall be interpreted according to South Carolina law.

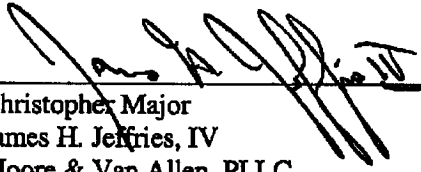
7. Each party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client had authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of the Settlement Agreement.

We Agree:
Representing the Office of Regulatory Staff



Florence P. Belser
Jeffrey M. Nelson
Office of Regulatory Staff
1441 Main Street
Columbia, SC 29201
Phone: (803) 737-0823
Fax: (803) 737-0800
jnelson@regstaff.sc.gov

We Agree:
Representing Piedmont Natural Gas Company, Inc.



Christopher Major
James H. Jeffries, IV
Moore & Van Allen, PLLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003
Phone: (704) 331-1079

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2005-349-G


IN RE:)	
Application of Piedmont Natural Gas)	
Company, Inc. for Waiver of Commission)	CERTIFICATE OF SERVICE
Rule 103-440(5))	

This is to certify that I, Pamela McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Christopher B. Major , Esquire
Moore & Van Allen PLLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, NC, 28202-4003

James H. Jeffries IV , Esquire
Moore & Van Allen PLLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, NC, 28202-4003

Kim R. Cocklin , Esquire
Piedmont Natural Gas Company
Post Office Box 33068
Charlotte, NC, 28233



Pamela McMullan

November 4, 2005
Columbia, South Carolina